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ABSTRACT

The need for reform in school financing is crucial and urgent. The regressive and anachronistic practice of financing schools through local property taxes perpetuates inequities detrimental to students and unfair to parents and taxpayers. Although it is the students in the inner cities that require special, more costly educational approaches, cities have an average of 30 percent less money per capita available from local taxes than do their suburbs. This is despite the fact that city property owners are taxed 40 percent more heavily than suburbanites. During the last 10 years, public education costs have more than doubled to nearly $40 billion in 1970. The same financial difficulties beset the nonpublic schools, forcing Catholic schools to close at the rate of one per day, and increasing the public school burden. The defeat of all but 48 percent of the school bond issues presented to the nation last year suggests a growing rejection of our taxing system. A Presidential Commission is analyzing the school financing situation and suggesting appropriate new directions. This example should be followed on the state and local levels. (Author/AJ)

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EDUCATION'S RIGGED LOTTERY*

By S. P. Marland, Jr.
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Any of you who are compulsively addicted to television may perhaps have been watching your local NBC station a few Sundays ago to see the U.S. Commissioner of Education "Face the Nation." In this case the Nation was represented by three newsmen, each armed with a sheaf of questions, many of them answerable. Participating in this kind of rapid-fire give-and-take is part of the bargain for a Washington official, and in my opinion that is all to the good, for the experience is without question educational. For my own part, for example, I have acquired a new insight into the game of tennis, knowing now what it is like to be the ball.

As was to have been expected, the first series of questions went into the matter of busing, and the dialogue remained mired in that subject for several minutes. As you have doubtless discovered in your own cities, news people are obsessed with the notion that some educator, some time, may conceivably have something new to say on this subject.

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The busing-question ritual having been taken care of, however, the questioners moved to a matter that judging by the vivacity that seemed to come into their voices, was of keener interest to them. I must say it was of keener interest to me, too, for they were exploring a matter of the most fundamental importance to us and to the children and parents we seek to serve. I refer to the decision last August of the California Supreme Court to the effect that the inequalities associated with financing the schools through local property taxes add up to a violation of the Fourteenth Amendment to the Constitution. The panel of newsmen wanted to know if I agreed with that finding.

I do indeed agree with it, of course, and like most of you have been in agreement for a good many years before the California jurists made their decision. There is just no question, it seems to me, that the overwhelming reliance on property taxes so basically hinged to school financing today is regressive, anachronistic, and resting upon inequity. It is wasteful and inefficient. It is unfair to students, to parents, and to taxpayers.

There is nothing final about the California court's decision, of course. As of now it is not even clear what

the next step will be, though one could reasonably guess that ultimately the case will reach the United States Supreme Court. Moreover, even a favorable ruling by that body would leave a number of ancillary issues to face. New patterns of school financing would have to be developed, along with new relationships between State governments, local school districts and possibly the Federal Treasury. There will be questions regarding the level of effort among the States, and ultimately of the Federal government role, if any. And of course there will be that degree of opposition that any change--particularly one so far-reaching--can be expected to provoke. Achievement of greater equity in school financing will not come easily. Nor will it come soon. That come it will, however, I have no doubt. The need for reform is clear and compelling. The move toward its accomplishment is well underway and is gathering momentum. We seem to achieve change in education in at least three ways: the dynamic and inspirational leadership of the Office of Education; the mandates of the U.S. Congress; and the rulings of the Courts. I would prefer that change evolved in that order. The Courts are fast and bruising; the Congress is slow and labored by compromise; the Commissioner of

Education is slower, more compromised, and beset by States' rights guardedness and bureaucratic folklore.

The problem is of course especially acute in the cities and it has many forms and origins. As the swell or urbanization continues, our metropolitan areas are increasingly beset with the phenomenon of municipal overburden--the extra need for public services that inevitably accompanies the concentration of large numbers of people--extra fire and police protection, health services, welfare assistance, and all the rest. One consequence with which you are all very familiar is that 65 percent of the cities' total budgets go to noneducational purposes, leaving 35 percent for the schools. The situation is precisely the reverse, as you know too well, in the suburbs immediately adjacent to these cities, with 65 percent of the budget going for education and only 35 percent for the other kinds of public services. Today, on the average, cities have 30 percent less money per capita available from local taxes for education than do their surrounding suburbs--and this despite the fact that they tax themselves 40 percent more heavily.

Meanwhile, of course, the costs of education in the inner cities are appreciably higher than in suburban and rural areas, and for many fundamental and inescapable reasons. With the continuing move of the affluent to the suburbs and the concomitant drift of rural and other poor people to metropolitan areas in search of jobs, city schools are called upon to deal with an exceptional proportion of youngsters who bring with them a burden of disadvantages that requires special effort and special, more costly educational approaches. At the same time, the cities must pay higher salaries, and prices, not only to teachers but to such noneducational but nevertheless essential personnel as maintenance men, secretaries, and building contractors and suppliers. Costs for school sites also are significantly higher. Consider, for example, the situation in Detroit. In the 1968-69 school year the minimum entry salary for beginning teachers in that city was $7,500. For the surrounding 35 districts the comparable figure was a little less than $7,000. At the same time, Detroit was paying $100,000 per acre for school sites, compared with $6,000 an acre in the surrounding suburbs. More broadly, a survey of the 25 largest metropolitan areas in the Nation showed that the cities were paying an average of $68,000 per acre to buy land for a new school while

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their nearby suburbs were paying an average $3,500.

While the school finance situation within the cities is reaching a point not far removed from chaos, the problem extends to suburban and rural communities as well---not so pervasively, perhaps, but in many cases just as severely. With a few exceptions, school districts in every section of the Nation---rural, suburban, and metropolitan alike---are beset by a combination of rising costs and endangered resource procedures that make sensible planning impossible and, by spending the least where the need is greatest, subverts the basic principles of equality in our democratic society.

During the last 10 years total costs for public elementary and secondary education have more than doubled--rising from about $16 billion in 1959 to nearly $40 billion in 1970. And evidently no slacking off is in sight. The rise between 1968-69 and 1969-70 came to $3.7 billion--a 10.4 percent increase in a single year. On a percentage basis, the finance problem within the nonpublic sector of elementary and secondary education is even worse. While the figures for private schools are not as readily available as they are

for public schools, the plight facing Catholic educators is a particular source of concern. Despite significantly decreasing enrollments, operating costs for the Catholic elementary and secondary schools have risen by an estimated 68.4 percent during the period between 1965 and 1970--and again, the problem threatens to be even more severe.

The crisis confronting the nonpublic schools has major implications not only for the diversity of American education but for its impact upon taxpayers and upon us who are responsible for public schools, and <u>all</u> the children who come to us. Every time a Catholic school is forced to close--and they are closing at the rate of one a day--the public schools are given a greater burden to carry. What that burden can mean--particularly in the cities--is indicated by statistics showing that the nonpublic schools educate something in the order of a third of all elementary and secondary school students in such cities as Philadelphia, St. Louis, Chicago, Boston, New Orleans, and New York City not to mention my old territory in Pittsburgh.

While rising costs for education clearly command our deep concern, the essential issue in school financing is not simply one of available funds--the level of support that

the public is willing to provide. It is rather a question of how that money is to be raised and how efficiently and equitably it is to be allocated, from all levels of government.

Between 1952 and 1968 expenditures for the public schools--financed by taxes our citizens imposed upon themselves--rose by 265 percent. Obviously the American people have not turned their backs on education. Whatever the pain, they have dug deeper and deeper into their pocketbooks. They have not done so placidly, of course, and their willingness may be approaching its limit.

Last year voters throughout the Nation approved only 48 percent of the school bond issues put before them. In 1965 the approval rate was 77 percent, and in 1960 it was 89 percent. Some observers have seen in this trend a loss of faith in public education itself. I'm not so sure. There is evidence to suggest that those parents and members of community groups who are the most vocal in their criticisms of the schools are also the people most likely to go to the polls and to vote in favor of additional school levies. To a large degree, at least, I would suggest that the defeat of school bond issues represents a rejection not of our school systems but of our taxing systems. In Detroit, for example,

Norm Drachler used to say, "The only taxes over which the Detroit citizens had any freedom of choice was the sewer tax and the school tax. Sometimes even the sewer people beat us in spite of what might be called 'negative output'."

During the last school year local government accounted for 53 percent of the funds spent to support our public elementary and secondary schools, with 8 percent coming from the Federal Government and 39 percent from the States. The ratio this year will be much the same. The local property owner will continue to bear the brunt of supporting the schools, and his principal mechanism will be, unless we do something about it, the anachronistic real estate tax base.

The result, in a Nation dedicated to the proposition of equality of opportunity, will be a kind of educational roulette--with a child's access to a well-supported school left to the accident of his street address. If he happens to live in a school district with a strong tax base, cited in the California Supreme Court findings, he will receive the educational perquisites that accompany expenditures of $1,230 per pupil, and the property owners who help provide that money will be taxed at a rate of $2.38 for each $100 of

assessed valuation. But if he happens to live a few miles away in a community with a sharply limited tax base, the investment in his education will be only $577 per year, even though the taxpayers of that community tax themselves at a rate of $5.48 per $100, twice the level of the favored community.

Disparities exist among the States as well as within them, of course, though the gap is narrowing. Three or four decades ago the wealthiest States in the Union invested more than six times as much money in education as the poorest. Today the ratio is a little less than three to one and can be expected to diminish as the years go on. Given the mobility of our society--the constant resettlement of people from one part of the country to another--that interstate disparity, despite its decline, is still an appropriate cause for concern. It is <u>within</u> the States, however, that school financing patterns are the most unequal and the most unfair. Thus we find situations such as the following: Whereas the wealthiest district in one Western State makes $1,300 available for each child in average daily attendance, the poorest receives only $650. In a Midwestern State the contrast is $2,100 to $580; in a Southern State $1,350 to $500; and in a New England State

$1,100 to $450. This simply is not equal educational opportunity no matter how much lip service we have given that pious term.

Moreover, such inequalities as these are compounded by the unequal ways in which these unequal sums are allocated. Surely no one would question the proposition that the expense of educating a deaf child is greater than that for a child with normal hearing or that there are extra costs connected with providing the special kinds of schooling needed by disadvantaged children or those for whom English is a second language. Yet by and large, except for our modest Federal intervention, school funds are allocated on a flat per-pupil basis, without regard to the differing costs that necessarily accompany the differing needs and circumstances of the pupils involved.

The concept of ameliorating those differences is, as you know very well, the very essence of a number of the Federal education programs, in particular Title I of the Elementary and Secondary Education Act. A further reach for greater equity is inherent also in our revenue sharing proposals. And thanks at least in part to the Federal stimulus, there is a growing movement in many parts of the Nation toward

a basic overhaul of school financing--a movement that promises to make America's system of education stronger than it has ever been before. That move is evidenced by the decision in an increasing number of States--Utah, Delaware, and North Carolina are good examples--to take the initiative in pushing toward equalization by transferring a greater proportion of school support from local school districts to the State level. And it is evidenced also, of course, in the law suit that led to the California Supreme Court decision and in similar suits that have been brought elsewhere in the Nation, and which I warmly applaud.

In fact it would seem imperative for every State to examine its financial house at this time in order to determine how equitably its education dollars are being distributed. We in the Department of Health, Education, and Welfare are carrying out the same kind of exercise from a national perspective. Following his meeting with representatives of nine elementary and secondary school organizations at the White House September 30 --- Jim Rowland, as you know, was at that meeting --- the President asked Secretary Richardson and myself to initiate a thorough examination of the entire system of school financing in this country and particularly of the role of the local property tax. This focusing of attention at all levels on finding better ways to pay for our schooling will lead, I am confident, to an educational

system with a greater measure of justice and equality and one that will, moreover, be of far greater benefit to our children.

The mood for tax reform is spreading, and that will without question gain greater momentum during the months immediately ahead--thanks in large part to the work of two important groups charged with studying the situation and reporting the facts. I refer to the President's Commission on School Finance (and its ancillary Panel on Nonpublic Education), appointed by President Nixon in March of 1970; and the National Educational Finance Project launched in 1968 under the auspices of the Office of Education.

Funded by our office at approximately $2 million through the Florida State Department of Education and operating out of the University of Florida at Gainsville, the National Educational Finance Project staff and the array of outside experts who have contributed to the study are concluding the first nationwide examination of school finance undertaken in nearly four decades. In the process they have studied public elementary and secondary school financing practices in every State in the Union. Early next month the project staff will publish the fifth and final volume of the project's findings

along with a summary booklet designed for general circulation. Simultaneously , members of the staff will participate in a series of conferences in various sections of the Nation, presenting the highlights of their research and explaining their methodologies and findings.

There will doubtless be those, perhaps myself included, who will wish that the project's studies had turned up different results. That is a risk one takes in sponsoring research. These results are nevertheless based on scrupulously professional investigation, and in my judgement the findings contained in the project's five-volume report will be of great usefulness. I would particularly commend to your attention--and to the attention of legislators and others responsible for setting the pattern of school financing--those portions of the project report dealing with how funds are allocated and the possibilities for improvement. Reform is needed on both sides of the school dollar--not only in how that dollar is raised but in how it is distributed. The costs of education are as variable as children themselves, and equal educational opportunity will remain elusive unless those variations are taken into account. The finance project's director, Dr. Roe L. Johns, concedes that the methodology

he and his colleagues have developed toward accommodating differing needs is imperfect. It nevertheless represents a significant and historic start. I would anticipate that we will pursue this subject further at the Federal level--perhaps through the proposed National Institute of Education--and I would hope that it would be pursued also at State and local levels.

Whereas the finance project focus is on research, the work of the President's Commission--chaired by Neil H. McElroy and composed of 16 men and women of national distinction--lies in the field of policymaking: of analyzing the assembled evidence and suggesting appropriate new directions. Their assignment is to make a broad examination of "further needs and resources of the Nation's public and nonpublic elementary and secondary schools," and it is clear from progress reports issued thus far that the members of this important body are determined to take a close and penetrating look at every major aspect of public and nonpublic school financing practices and policies. One of the Commission's principal areas of concern is the financing of education in the inner cities.

The Commission is scheduled to deliver its findings to the President in March of next year. Speculation on the

nature of those findings would of course be pointless and presumptuous. There can be no doubt, however, that the Commission's report will have major impact on public as well as professional and political thinking about school finance, and the Nation is deeply in debt to President Nixon for his determination to seek clarification in this crucial and difficult area.

School finance is a complex, complicated subject, entangled in governmental, organizational, and legal technicalities that most of our citizens are likely to find baffling. In the long run, however, it is their understanding and their support that will decide the issue. Those of us so well and bitterly acquainted with the facts--as we have experienced them and as we are learning from the studies now in progress--must take the lead in stating the case. We must carry our concern to local and State school board members, to legislators, to community groups, and to the public generally.

We can do so well armed. The growing evidence of inequity, erosion, inadequacy and ineffectiveness in the ways by which education is supported is clear and persuasive.

From district to district and State to State, the record shows that the present system of raising and allocating funds for the schools adds up to a rigged lottery that cheats students and taxpayers alike.

The need for reform in school financing is crucial and urgent. The possibilities of achieving it have never been brighter. It is once again time, I would say, to face the Nation, and I think we will find a large and receptive audience.